

Jobs Tax Credit Changes

[Public Chapter 592 \(2004\)](#)

Franchise and
Excise taxes
notice
#04-29

The Department of Economic and Community Development and the Department of Revenue have worked together to make improvements to our laws designed to enhance job recruitment in Tennessee.

Effective May 3, 2004, Public Chapter 592 amends Tenn. Code Ann. Section 67-4-2109 concerning the franchise and excise tax provisions for jobs tax credit as follows:

I. Changes Concerning Economically Distressed Counties

The credit for creating qualified jobs in economically distressed counties is increased from \$3,000 to \$4,500 for each net new full-time job.

An economically distressed county is any county defined as such by the Department of Economic and Community Development or any county that meets either of the following criteria for any month during the 24 months prior to the creation of a new job for which credit is sought:

- 1) The average number of dislocated workers in the county exceeds average number of dislocated workers in Tennessee, or
- 2) The per capita income in the county is less than Tennessee's average per capita income.

II. Changes to the Definition of a Qualified Business Enterprise

The definition of a qualified business enterprise is expanded to include an enterprise that makes the required capital investment to create or expand a repair service facility primarily engaged in providing repairs for aircraft owned by unrelated entities. For purposes of this section, primarily means 51% or more of the enterprise's gross

revenues are derived from the sale of these repair services.

The definition of a qualified business enterprise is also expanded to include any enterprise that promotes high-skill, high-wage jobs in high-technology areas, emerging occupations, or skilled manufacturing jobs by making the required capital investment in an economically distressed county that receives approval from the Tennessee Department of Revenue and the Tennessee Department of Economic and Community Development. The increased credit for these type jobs may be taken in any tax year in which one net new full-time job is created.

III. Changes Concerning the Required Capital Investment

Those entities pursuing the \$1,000,000,000 investment threshold in Tenn. Code Ann. Section 67-4-2109(c)(2)(H) or the \$500,000,000 threshold in Section 67-4-2109(c)(2)(I) may now be granted a two-year (rather than one-year) extension for making the required capital investment.

If you have any questions about this notice, you may contact the department. Tennessee residents outside the Nashville calling area may call our statewide toll-free number at (800) 397-8395. Callers from Nashville or out-of-state may dial (615) 253-0700. You can access additional information on our Web site at www.Tennessee.gov/revenue.

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